

How's your Chart of Accounts?



ADCOCK
accounting

At the heart of your management reporting function sits your chart of accounts. Is it structured to report on what you really need to know about the performance of your business and the key relationships between your income and expenses, assets and liabilities?

Here are my 5 top tips in getting the right chart set up for your business.

- 1.** As a starting point find the right template that suits your business type. A chart template can vary depending on whether you have a retail, wholesale, manufacturing, construction or service business.
- 2.** If you have different profit centres and/or different business locations use segmented or divisional reporting. You need to be able to keep track of and isolate underperforming areas of your business.
- 3.** Keep it simple stupid! Don't clutter your chart with miscellaneous data. Keep the number of accounts to a minimum wherever possible. Too much information can take your eye off the big picture.
- 4.** Identify those key income and expense items and asset and liability accounts and the relationships between them that are critical to your business. Tailor your chart to report this information clearly and succinctly.
- 5.** Be consistent in your allocation of transactions to the right accounts in your chart. This will provide much more accurate and comparable data over time.

